

**ARIZONA CORPORATION COMMISSION
SPECIAL OPEN MEETING MINUTES**

DATE: January 15, 2004

TIME: 1:00 p.m.

PLACE: Arizona Corporation Commission, 1200 W. Washington St., Room 100, Phoenix,
Arizona 85007

ATTENDANCE: No Quorum of Commissioners. See attendance list in Attachment 1.

TOPIC: DSM WORKSHOP

MATTERS DISCUSSED:

Barbara Keene of the Commission Staff welcomed everyone. Each participant made a self-introduction.

Staff was asked to discuss the goals of the DSM workshops. A progress report needs to be filed by mid-March 2004. The format of the report will be discussed at the next workshop.

There was discussion about the Commission's recent decision in a Commission/Staff meeting to have Staff set up workshops to discuss four possible changes to the Environmental Portfolio Standard.

A suggestion was made that utilities should generate some type of a proposal, saying what DSM programs would be best for their areas. A concern was raised that, because each utility has a unique service territory, a blanket approach would not be best. It was also suggested that rate design be used as a form of DSM. It was mentioned that organizations other than utilities should also be allowed to suggest proposals for programs. There was discussion about who would administer the programs. It was stated that, although there is a need to identify some example programs, more time should be spent on developing policies and policy goals should be narrowed to one or two. It was suggested that the proposals should include cost information. We should consider evaluation of the programs, rate impacts, and the impacts of total costs to ratepayers. Ms. Keene mentioned the past Commission decision to use societal costs to evaluate DSM programs. Tom Hines volunteered to develop a spreadsheet that could be used to present DSM opportunities.

The group discussed the screening criteria to use to determine the best DSM opportunities. Jeff Schlegel from SWEEP presented a handout on *Objectives, Principles, and Criteria for Energy Efficiency Portfolios*. The group determined the screening criteria to be: energy savings, demand savings, cost-effectiveness using the societal test, market share/market penetration, and feasibility. Key assumptions include: market share/market penetration, other DSM activities, and market baseline.

The group discussed the goal of 1 percent potential in the SWEEP report.

The group then discussed the best opportunities in each customer class. One person said that the answer is A/C, A/C, and A/C. Mr. Schlegel presented a handout on *Energy Efficiency Programs*

for Arizona DSM. He stated that single end-uses are not as desirable as a more comprehensive approach and organized his proposals by consumer markets.

Charlie Gohman from the Arizona Department of Commerce Energy Office presented *Potential DSM Programs*. He emphasized that follow-up is important.

Rebecca Chavez presented *Tucson Electric Power Three Best Opportunities in Each Customer Class* and *UNS Electric Three Best Opportunities in Each Customer Class*.

Southwest Gas presented *Demand Side Management Program Recommendations*.

The group discussed customer payment of DSM costs. It was mentioned that it is hard for businesses to get funding for DSM. It is better for the utility to put up the funds and the customer pays it back through utility bills. However, two utilities said that there would be operational problems in collecting these costs on the bills. It was suggested that the billing could be done by hand. There was also discussion of funding by class.

The group discussed the need to define the split between commercial and industrial customers, and that the planning horizon should be 10 years.

Southwest Gas, Tucson Electric Power, and UNS Electric provided handouts on historical DSM savings and costs.

The next DSM Workshop will be held on February 13, 2004, at 9:00 a.m.

Barbara Keene and
Ray Williamson, Utilities Division

Attendees at the DSM Workshop
On January 15, 2004

Attendee	Organization
Stephen Ahearn	RUCO
Bud Annan	ACEIA
David Berry	Western Resource Advocates
Rebecca Chavez	Tucson Electric Power/UNS Electric
Tim Coley	RUCO
David Couture	Tucson Electric Power
Dennis Criswell	Arizona Electric Power Cooperative
John Duncan	Arizona Public Service
Lori Glover	So Cool Energy
Charlie Gohman	Arizona Energy Office
Anita Hart	Southwest Gas
Tom Hines	Arizona Public Service
Marshall Hunt	RHA
Ryan Johnson	Office of Commissioner Mayes
Barbara Keene	Arizona Corporation Commission Staff
Phil Key	RELG
Barb Klemstine	Arizona Public Service
Debbie Lindeman	Tucson Electric Power
Mike McElrath	Phelps Dodge
Chuck Miessner	Arizona Public Service
Bill Murphy	Murphy Consulting
Terry Orlick	Arizona Public Service
Amanda Ormond	Ormond Group
Randy Sable	Southwest Gas
Vicki Sandler	APS Energy Services
Jeff Schlegel	SWEEP
Vivian Scott	Southwest Gas
Chuck Skidmore	City of Scottsdale
Karen Smith	Salt River Project
Michael Spielman	APS Energy Services
Bud Walters	Southwest Gas
Ray Williamson	Arizona Corporation Commission Staff